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FROM American Embassy, MOSCOW

NO. JUN 15 1962

TO THE DEPARTMENT OF STATE, WASHINGTON

DATE June 15, 1962

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	ACTION	INFO	DEPT	RM/R	REP	AF	ARA	EUR	FE	NEA	CU	INR	E	P	IO	ICA
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MILITARY

Negative

DEPARTMENT OF STATE A/CDC/MR

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ACTION ASSIGNED TO		ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL		DATE OF ACTION	DIRECTIONS TO RM/R

EXTERNAL - POLITICAL

1. Laotian Coalition Government. Although Soviet news despatches reporting the formation of a coalition government under Souvanna Phouma described it as a victory for good sense, the first important public Soviet reaction was the publication of Khrushchev's messages to Souvanna Phouma, President Kennedy, and Prime Minister Macmillan on June 13. These messages set the general tone of subsequent press treatment, which has sought to convey the thought that it is possible for the USSR and the Western Powers to work together for peaceful settlements of disputes. On the other hand, there have been warnings that a peaceful settlement in Laos has not been nailed down yet. In this connection particular emphasis has been placed on the continued presence of American forces in Thailand, which, it is alleged, are being kept there as a threat of direct US military intervention in Laos. This theme was particularly prominent in TASS despatches datelined from Peiping, reporting reactions of Pathet Lao leaders to the agreement on the coalition government.

2. CEMA Enlarged to Include Outer Mongolia. Publication on June 9 of the communique on the June 6 - 7 CEMA meeting in Moscow disclosed that the MPR was accepted as a full member of the organization. The admission of the MPR, the only Asian Communist country which has unequivocably supported Moscow versus Peiping in the ideological dispute, to a primarily European Communist organization gives organizational form to the division within the bloc. This development follows the tactic which Moscow appears to have been employing for some time now of trying to manoeuver the Chinese into a position of being the ones to make moves which can be labelled as damaging Communist unity, although in fact Moscow has been far from passive in this respect.

There were reports in Moscow that the Chinese Communist Ambassador in Moscow attended the CEMA meeting as an observer. But the communique made no mention of Communist China, Albania, North Korea, or the DRV. There also have been rumors, which it has not been possible to confirm, that Yugoslavia was represented at the meeting in an observer capacity. But Yugoslavia likewise was not mentioned in the communique.

Aside from its economic significance and political implications for Soviet relations with Eastern European countries, which at this stage are difficult to assess, it appears that the CEMA meeting marks a major event in the Soviet-Chinese dispute.

3. Berlin/Germany. Berlin and the German question were the sole subject of a Warsaw Pact Consultative Commission communique issued June 10 at the conclusion of the CEMA meeting of European bloc leaders in Moscow. The communique accused Western powers of artificially delaying the successful conclusion of negotiations on Berlin, and warned that Western reluctance will not deter the conclusion of a peace treaty with the GDR with all ensuing consequences for West Berlin. Liquidation of the occupation regime was singled out as essential for normalizing the situation in West Berlin. However, no definite time limit was mentioned and continuation of the "negotiations" was endorsed by the Pact members.

On June 14 the Embassy delivered a note to the Soviet Ministry of Foreign Affairs [redacted]

The Soviet note of June 7, attacking the Western powers for permitting "provocations" against the "GDR border" in Berlin, was published in the Soviet press on June 9. Pravda followed this up on June 14 with a commentary criticizing the planned visits by Secretary Rusk, ADENAUER, and 40 British Labour MP's to West Berlin as new provocations. The article concluded by quoting the Soviet warning in the June 7 note that the USSR will take the necessary measures to fulfill its commitment to the GDR if the provocations do not cease.

4. Visit of Mamadou Dia of Senegal. A Senegalese official delegation, headed by Mamadou Dia, Chairman of the Council of Ministers and Minister of National Defense of Senegal, visited the Soviet Union from June 5 to 15. The joint Soviet-Senegalese Communique, signed on June 14, indicated that agreement had been reached on the establishment of diplomatic relations and the exchange of diplomatic representatives on the ambassadorial level. In addition, the two countries concluded a trade agreement, an agreement on economic and technical cooperation and a convention on cultural cooperation. The brief communique also expressed support for complete and general disarmament under strict international control and the UN Declaration calling for the granting of independence to colonial countries and peoples. Portuguese activities in Angola, Mozambique and "so-called" Portuguese Guinea were singled out for special criticism in the communique.

5. Soviet Ambassador to Cuba Replaced. The Soviet press on June 12 confirmed that Sergei KUDRYAVTSEV has been repladed by his deputy, Alexandr ALEKSEYEV as Soviet Ambassador in Havana. No explanation was given for the recall of Kudryavtsev, who is being "transferred to other duties."

INTERNAL - POLITICAL

6. Leadership. The week began with the departure from Moscow of the Eastern European party and government leaders, following the June 6-7 CEMA "summit" and Warsaw Pact Political Consultative Committee meeting.

KHRUSHCHEV, who continued to be much in evidence, received NOVOTNY, KADAR, and TSEDENBAL on June 8, and visiting Italian Minister of Foreign Trade Luigi PRETI on June 9. On June 11, he received the new Brazilian Ambassador, V. T. LEITAO DA CUNHA, and the President of Fiat, V. VALLETTA, and in the evening he attended a performance of "Giselle" at the Bolshoi Theatre, in the company of Senegalese Premier Mamadou DIA. On June 12, he received Avery BRUNDAGE, the President of the International Olympic Committee, while KOSYGIN met with Signor Valletta. The First Secretary was out and about again on June 13, receiving Mamadou Dia in the Kremlin and later attending a reception given by the Senegalese leader and a subsequent concert of Uzbek performing artists. Kosygin, MIKOYAN, SUSLOV, SHVERNIK, GRISHIN, RASHIDOV, ILYICHEV, and PONOMAREV were with him at this concert, as well as Tsedenbal, Mamadou Dia, and Minister of Culture FURTSEVA.

June 14 was another busy day, during which Khrushchev received a delegation of Polish parliamentarians, headed by Marshal of the Sejm Czeslaw WYCECH, signed a joint Soviet-Senegalese communique and three agreements resulting from Mamadou Dia's visit, presided at a Kremlin reception for the Senegalese premier, at which KIRILENKO, Kosygin, Mikoyan, Rashidov, and Ilyichev also appeared, and attended a concert at the Moscow Conservatory given by Van CLIBURN. Furtseva was again in evidence at this concert. She appears to have made a slight come-back from her post-XXII Congress decline, at least so far as notice by the press is concerned (cf. Item No. 4, WEEKA No. 10, March 9).

Meanwhile, CPSU-CC Presidium members POLYANSKY and VORONOV, and member of the CPSU-CC Bureau for the RSFSR YASNOV, were reported to be in the provinces, conducting meetings of the new agricultural production directorates.

F. R. KOZLOV's name did not figure in the reports of the comings and goings in Moscow during the week. (Despatch No. 1115, June 12). In a report datelined Rostov-on-Don, June 8, Kozlov was said to have delivered "a big speech" to a meeting of the Rostov Oblast Party aktiv, but no further details were provided by the central press (Pravda, June 9). He was not among the signatories of the obituary of General of the Army KHRULEV (Pravda, June 12), the list of whose names was headed by Khrushchev, BREZHNEV, Kosygin, and Mikoyan. It was possible that Kozlov had gone on leave, although it would have seemed reasonable for him to have waited another week and taken the opportunity offered by the CEMA meeting to cultivate his relations with the Eastern European party and government leaders who attended it. There have thus far been no reports, as there were during his six-week disappearance from the public view in the spring of 1961, that the condition of his health has necessitated his absence from public functions, and his visit to Rostov argues against this.

Two Central Committee Secretaries, B. N. PONOMAREV and L. F. Ilyichev, were among those put forward for entry into the USSR Academy of Sciences. The Academy's nominations (Izvestiya, June 13) described them as "public figures."

7. Moscow Population Looks for Meat Substitutes. Following the June 1 price rises for meat and butter, signs of a shift in Moscow food-consumption patterns have been evident. Demand for eggs, for example, has been high enough to cause temporary shortages in some stores which have had to institute purchase limitations on eggs (ten to a customer), and butter (200 grams). For example, at one usually well-supplied store last week, there were no eggs, although egg shoppers could buy at a temporary distribution point set up on the street nearby, at which there was a queue of about 50 persons.

At a centrally located collective-farm market, more than 300 people were seen waiting in line to buy fish.

While the demand for meat substitutes was intense, there were no lines at all in front of any Moscow meat counters, although stores last week were displaying good cuts of beef (at the new high prices, of course). It would

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seem that the price rises have encouraged some of the population, at least, to divert money in tight family budgets from meat to meat substitutes.

MILITARY

Negative

FOR THE CHARGE d'AFFAIRES AD INTERIM:

Boris H. Klosson
Counselor for Political Affairs

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agreed to obtain a statement on this subject from the Foreign Exchange Office for the use of the American negotiators.

The Italian delegation stated that it would not be able to resume discussion of the subject of withdrawals of compensation for expropriated property until it had had an opportunity for further study of the matter.

Article VII

The American negotiators stated that they had been authorized to submit the following redraft of Article VII, paragraph 1, for consideration by the Italian delegation as a substitute for the version in the draft treaty:

"The nationals, corporations and associations of either High Contracting Party shall be permitted to acquire, own and dispose of real and other immovable property or interests therein within the territories of the other High Contracting Party upon the following terms:

"(A) In the case of nationals, corporations and associations of the Italian Republic, the right to acquire, own and dispose of such property and interests shall be dependent upon the laws and regulations which are or may hereafter be in force within the state, territory or possession of the United States of America wherein such property or interests are situated; and

"(B) In the case of nationals, corporations and associations of the United States of America, treatment with respect to the acquisition, ownership and disposition of such property and interests shall be no less favorable than that accorded to nationals, corporations and associations of the Italian Republic, except that the Italian Republic shall not be obligated to accord to any national, corporation or association of the United States of America treatment more favorable than that now or hereafter accorded by the state, territory or possession of the United States of America in which such national is domiciled or under the laws of which such corporation or association is created or organized, to nationals, corporations and associations of the Italian Republic."

The Italian negotiators said that this version was an improvement over that previously discussed, but that they believed that further improvements were possible. It was agreed that they should prepare a draft for consideration at a later meeting.

Article XI

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Article XI

In informal discussion of the previous Italian proposal that Paragraph 1 end with a reference to the constitutions of the two countries, the Italian negotiators stated that it was their intent, in making the proposal, that religious liberty should be enjoyed in the United States according to the provisions of the United States Constitution and in Italy according to the provisions of the Italian Constitution. The American negotiators inquired whether it would not be desirable, in case the formula should be found acceptable, to specify that the rights accorded should be governed by the existing constitutional provisions, rather than imply that the rights might be affected by future constitutional changes. The Italian negotiators were of the opinion that some such provision would be acceptable to them.

It was agreed that the provisions of this paragraph should be further considered at a later date.

Article XXIV

With respect to the exception that the Italian delegation had proposed to be included in Paragraph 3 (d) regarding the agreements with the Holy See with respect to the State of Vatican City, the Americans inquired as to whether the reference should be to the advantages accorded to the Holy See for the State of Vatican City or to the advantages accorded to the State of Vatican City. After some discussion, the Italian delegation stated that it wished to have the initial clause in Paragraph 3 (d) read as follows:

> (d) advantages now or hereafter accorded by the Italian Republic to San Marino, the Free Territory of Trieste, and the State of Vatican City.

The Italian negotiators added, however, that they would propose an exchange of notes containing a full interpretation of the exception, with reference to the agreements between Italy and the Holy See and the State of Vatican City, in order that there should be no question as to the matters intended to be covered. The American negotiators inquired whether this interpretation could not be included in the minutes of the negotiation. It was agreed that the question of the form that the proposed interpretation should take should be discussed at a later meeting.

Article XXIV

The American negotiators referred to the proposal which the Italian delegation had previously made that a provision be inserted in this article excepting from the rule of most-favored-nation treatment favors which Italy might grant to Italian Colonies, or areas

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